

CALIFORNIA DEPARTMENT OF CHILD SUPPORT SERVICES

2001-02 GOVERNOR'S BUDGET

HIGHLIGHTS

The 2001-02 Governor's Budget for the Department of Child Support Services (DCSS) provides funding to promote the well being of children and the self-sufficiency of families through the delivery of first-rate child support services and collection activities that contribute to meeting the financial, medical, and emotional needs of children. Total funding is proposed to increase by \$157.5 million, or 16.6 percent over the revised 2000-01 budget. The General Fund (GF) budget is proposed to increase by \$84.6 million, which represents a 21.0 percent increase over the revised 2000-01 budget. Major changes include: (1) a decrease of \$6.3 million GF in EDP Conversion and Enhancements due to the completion of county conversions; (2) an increase of \$49.7 million GF for payment of the Alternative Federal Penalty resulting from failure to implement a single statewide automation system; (3) a decrease of \$17 million GF for the Statewide Automated Child Support System Closeout (SACSS) Audit because the audit was a one-time cost in FY 2000-01; and (4) an increase of \$57 million GF for Child Support Incentives primarily due to increased child support collections.

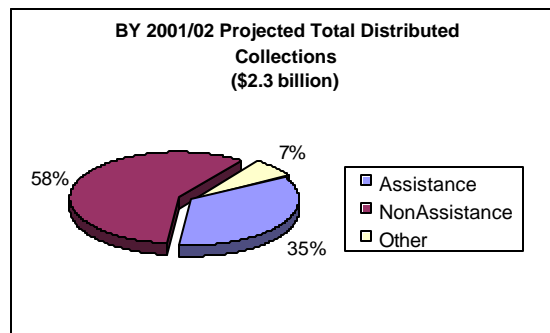
FUNDING SUMMARY

(dollars in thousands)

	FY 2000-01	FY 2001-02	Difference	Change
<u>STATE SUPPORT</u>				
State Support-General	\$ 37,505	\$ 29,837	\$ - 7,668	- 20.4 %
State Support-Contracts	<u>\$ 69,688</u>	<u>\$ 78,492</u>	<u>\$ 8,804</u>	<u>12.6 %</u>
TOTAL, STATE SUPPORT	\$ 107,193	\$ 108,329	\$ 1,136	1.1 %
General Fund	31,816	32,063	247	0.8 %
Federal Funds	75,255	76,144	889	1.2 %
Reimbursements	122	122	0	0 %
<u>LOCAL ASSISTANCE</u>				
Basic Costs	\$760,044	\$930,621	\$170,577	22.4%
Other Premises	<u>\$80,485</u>	<u>\$66,248</u>	<u>\$-14,237</u>	<u>-17.7%</u>
TOTAL, LOCAL ASSISTANCE	\$ 840,529	\$ 996,869	\$ 156,340	18.6 %
General Fund	370,742	455,135	84,393	22.8 %
Federal Funds	469,787	541,734	71,947	15.3 %
TOTAL, CHILD SUPPORT PROGRAM	\$ 947,722	\$1,105,198	\$ 157,476	16.6 %
General Fund	402,558	487,198	84,640	21.0 %
Federal Funds	545,042	617,878	72,836	13.4 %
Reimbursements	122	122	0	0 %
 AUTHORIZED POSITIONS	 241.7	 241.2	 - 0.5	 - 0.2 %

CHILD SUPPORT COLLECTIONS

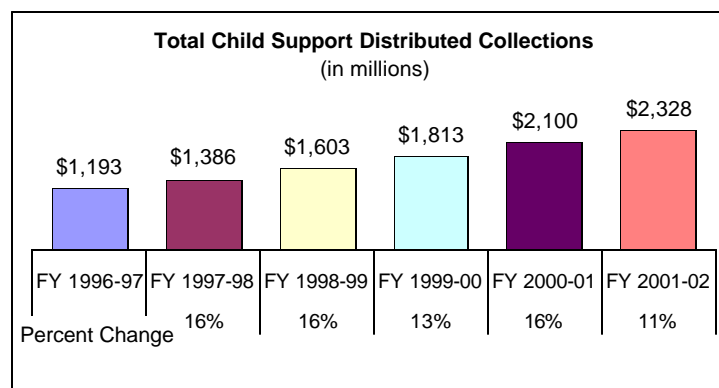
The Governor's Budget for FY 2001-02 projects distributed collections at \$2.3 billion, an increase by \$228 million or 10.9 percent over the estimated FY2000-01 budget. These collections are distributed in three ways: to the families as a child support payment, to the state as revenue to recover the costs of public assistance, and to other states. The distributed collections are categorized into three categories: nonassistance, assistance, and other.



NonAssistance Collections. FY 2001-02 proposes \$1.3 billion, which is an increase of \$143 million over the estimated FY 2000-01 budget. These are collections that are made on behalf of families and sent directly to the families. These collections are comprised of basic collections (\$1.3 billion) and new premises (\$40 million).

Assistance Collections. FY 2001-02 proposes \$824 million, which is an increase of \$73 million over the estimated FY 2000-01 budget. These collections are revenue to the state. They include basic collections (\$767 million), which are the ongoing efforts of the LCSA to collect child support payments from noncustodial parents and new premises (\$57 million), which are collections that are associated with new enforcement activities that are above the basic ongoing functions of the LCSA, such as Franchise Tax Board non-tax collections, and demonstration projects.

Other Collections. FY 2001-02 proposes \$160 million, which is an increase of \$12 million over the estimated FY 2000-01 budget. These collections consist of assistance (\$22 million) and nonassistance (\$110 million) collections that are made on behalf of other states. Other collections also include the \$50 State disregard payment to families (\$28 million).



PROGRAM HIGHLIGHTS

State Support

The Governor's Budget for FY 2001-02 proposes an increase of \$1.1 million (0.2 million GF), a 1.1 percent increase in funding. Significant changes proposed for FY 2000-01 and FY 2001-02 are as follows:

- Pre-Statewide Interim Systems Management (PRISM). An increase of \$3,761,000 (\$1,279,000 GF) in FY 2000-01 and an increase of \$1,580,000 (\$537,000 GF) in FY 2001-02 for the PRISM project to support the conversion of 18 counties to federally approved interim consortia child support systems.
- Continuation of State Policy Staff. A continuation of \$593,000 (\$202,000 GF) and 9.0 limited-term positions (8.5 personnel years) in FY 2001-02 to continue the development and implementation of child support policy in program and fiscal areas that provide directives for the establishment and enforcement of child support orders in California.
- Contract Resources for PRISM Oversight. A continuation of \$224,000 (\$76,000 GF) in FY 2001-02 for contract resources for interim systems automation oversight.
- Expansion of State Licensing Match System (SLMS). An increase of \$600,000 federal funds in FY 2001-02 to pass through to the Department of Fish & Game for enhancement of mandated changes to SLMS.

Local Assistance

Federal, state and county governments share the costs of operating expenses and the salaries and benefits of LCSA staff who administer the child support program. The federal government pays 66 percent of the total program costs and also pays a federal incentive based on the State's performance in five performance categories. State incentive dollars are used to fund the county share of costs that are not covered by the federal participation in the administrative costs and the federal incentive payment. The combined federal and state incentive payments equal 13.6 percent of total distributed collections.

Federal and state funds are used to finance the costs of a statewide-automated child support system, as required by federal law. The Franchise Tax Board (FTB) is the Department's agent for development of the statewide automation system, and the General Fund necessary to match the federal funds for development of the statewide system is reflected in FTB's budget.

Local Assistance (Continued)

The Governor's Budget for FY 2001-02 proposes an increase of \$156.3 million (84.4 million GF), or 18.6 percent increase over the estimated FY 2000-01 budget for funding the LCSA administration costs. Significant changes proposed for FY 2000-01 and FY 2001-02 are as follows:

- PRISM Conversion and Enhancements. An increase of \$2,015,000 GF for EDP Conversion and Enhancements due to additional counties converting to one of the interim consortium systems in FY2000-01, and a decrease of \$6,273,000 GF in FY 2001-02 because the counties would have completed converting to one of the interim consortium systems.
- SACSS Close-out Audit. An increase of \$17,000,000 GF in FY 2000-01 for the SACSS Close-out Audit and a corresponding decrease in FY 2001-02 because the audit was a one-time cost in FY 2000-01.
- Increased Cost of Federal Alternative Penalty. An increase of \$11,961,000 GF in FY 2000-01 and an increase of \$49,713,000 GF in FY 2001-02 for the Alternative Federal Penalty due to the failure to complete SACSS. The amount increases because it is based on administrative spending and the penalty rate increased from 25% to 30%.
- Re-estimate of Federal Incentive Funding. A decrease in county cost of \$12,104,000 for Basic Administration in FY 2000-01 as a result of a reduction in the federal incentives. A corresponding reduction of \$23,814,000 in federal financial participation.
- Child Support State Incentives. An increase of \$57,033,000 GF for Basic Incentives in FY 2001-02 primarily due to increase child support collections.